GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1299
ANSWERED ON:08.03.2002
DEMUTILISATION OF STOCK EXCHANGE
AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO;DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have finalised the process of demutilisation of various stock exchanges;

(b) if so, the details thereof;

(c) whether the Government have received representation from various Stock Broker Associations, Investors Associations and MPs in this regard; and

(d) if so, the reaction of the Government with the action taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (d): Consequent to the announcement made by the Government to improve institutional mechanisms and trading practices in the stock markets which, inter-alia, included demutualisation of all stock exchanges, there have been consultations among Government, Securities and Exchange Board of India (SEBI) and stock exchanges onimplementation of this proposal. Government has also received representations/letters in this regard.

The issue of demutualisation was discussed in the SEBIBoard meeting held on December 28, 2001 and it was, inter-alia, decided that no broker member shall be an office bearer of an exchange. Following this, SEBI issued an order January 10, 2002 under Section 8 of the Securities Contracts (Regulation) Act, 1956,directing all stock exchanges to suitably amend its Rules/Regulations etc. within a period of two months to give effect to SEBI`s decision.

Action has been initiated to work out the other complex administrative and legal modalities for demutualisation of stock exchanges.